

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

December 8, 2003  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger<sup>1</sup>, and Councilmembers Creighton, Davidson, Lee<sup>2</sup>, Mosher, and Noble

ABSENT: None.

1. Executive Session

Mayor Marshall opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately one hour to discuss two items of potential litigation and one item of property acquisition.

The Study Session resumed at 6:55 p.m. with Mayor Marshall presiding.

2. Study Session

(a) Cascade Water Alliance – Relinquishment of Seattle Water Contract Rights

City Manager Steve Sarkozy opened staff's presentation regarding Cascade Water Alliance and the relinquishment of water contract rights with the City of Seattle.

Utilities Director Lloyd Warren recalled previous discussions with Council leading to the City's membership in Cascade Water Alliance. Seattle City Council is expected to approve a water supply contract with Cascade Water Alliance on December 15, and Cascade's Board will consider approval of the contract on December 17. The effective date of the agreement is January 1, 2004.

Mr. Warren requested Council approval of the proposed resolution with the following provisions: 1) relinquishing the City of Bellevue's rights under the current Water Purveyor Contract with the City of Seattle, and 2) accepting contingent liability for Bellevue's payment should Cascade Water Alliance default on water supply payments to Seattle. Cascade is requesting a letter from the City Council agreeing to these terms.

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<sup>1</sup> Mr. Degginger arrived at 6:10 p.m.

<sup>2</sup> Mr. Lee arrived at 6:09 p.m.

If the resolution is approved by Council, it provides direction to Bellevue's Cascade representative, Deputy Mayor Degginger, to support the new contract between Cascade and the City of Seattle. The contract transfers supply responsibility from Seattle to Cascade and initiates implementation of Cascade's Action Plan. Cascade will continue working to develop new supply sources to meet its members' future water needs. If the resolution is not approved by Council, Cascade would not approve the new contract with Seattle without Bellevue's support. Bellevue's water supply beyond 2012 and the future of Cascade Water Alliance would be uncertain.

Mr. Warren explained that Bellevue's membership in the Cascade Water Alliance provides an opportunity for Bellevue to have a voice and vote regarding water supply and rates. Additional benefits include:

- Ability to determine wholesale water rates and develop financial policies.
- Plan and implement water supply strategies.
- Ownership interest in capital investments and new water rights.
- Ability to manage risks and liabilities.
- Set standards for supply reliability.
- Determine role of water conservation.
- Develop water shortage strategies.
- Set water quality standards.
- Make operational decisions.
- Set growth charge policies.
- Ability to link growth management and water supply policies.
- Ability to determine appropriate link between water supply and environmental programs.
- Ability to develop coalitions and partnerships.
- More influence over state water policy and federal water programs and funding.
- Ability to manage the size and scope of the organization.

Mr. Warren noted staff's recommendation to approve the resolution and support the execution of the Cascade-Seattle water supply agreement.

Deputy Mayor Degginger, Cascade Water Alliance Chair, recalled that Councilmember Mosher served as the first Chair for the organization. Noting Bellevue's current contract with Seattle, Mr. Degginger said Seattle has made it clear that similar terms will not be available for future contracts. Seattle does not have sufficient water to supply its current customers' future needs. Mr. Degginger explained that Bellevue will be required to contribute to the cost of developing additional water supplies whether through a contract with Seattle or with Cascade Water Alliance. Membership in Cascade will enable Bellevue to influence water policy and the development of the future water supply. Mr. Degginger encouraged Council to approve the proposed resolution.

Mr. Mosher praised the City's partnership with Cascade Water Alliance. Responding to Mr. Mosher, Mr. Warren explained that Cascade's Action Plan includes the development of transmission facilities. One of the first projects is to link Issaquah and the Sammamish Plateau because they have not been Seattle customers in the past. Another significant project is to secure

water from Tacoma through the development of a pipeline to the Eastside. Mr. Warren referred to page SS 2-7 of the Council packet for a comparison of water costs through Cascade versus Seattle contracts.

Dr. Davidson recalled Bellevue's efforts in the early 1980s to develop a new water supply from the north fork of the Snoqualmie River. The proposal was rejected by the Federal Energy Regulatory Commission (FERC) because it did not involve a regional agreement. This led to the City's involvement in working to establish Cascade Water Alliance to serve the region.

Mr. Noble expressed support for the proposed resolution. However, he is concerned about the long-term costs of developing new water supplies and facilities.

Responding to Mr. Noble, Mr. Warren confirmed that the average cost per cubic foot of water will be lower through a contract with Cascade than through the existing contract with Seattle. Mr. Warren reminded Council that Bellevue will obtain water through Cascade on a "take or pay" basis in which a block of water will be purchased whether it is used or not.

Mr. Lee expressed support for the City's involvement in Cascade Water Alliance. He encouraged public education regarding the cost and benefits of this move. Mr. Lee noted that long-term costs will be more favorable under the Cascade contract than by continuing to purchase water from Seattle.

Mayor Marshall supports Bellevue's membership in Cascade and the opportunity to have a meaningful role in managing the City's water supply into the future.

Mr. Creighton feels this is an important historic step for the City. He supports the proposed resolution.

At 7:35 p.m., Mayor Marshall declared recess to a reception honoring retiring Councilmember Chuck Mosher.

Myrna L. Basich  
City Clerk

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